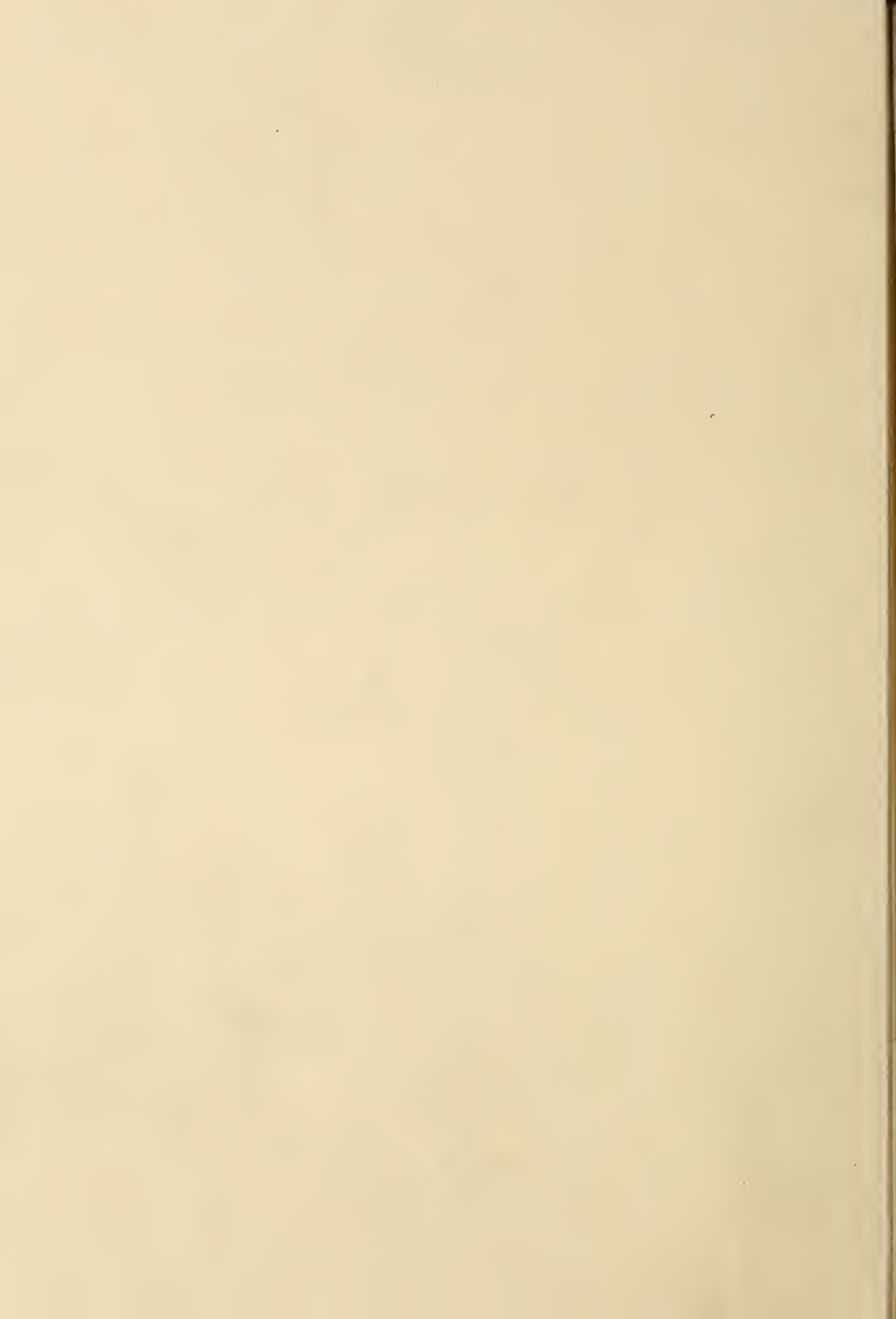
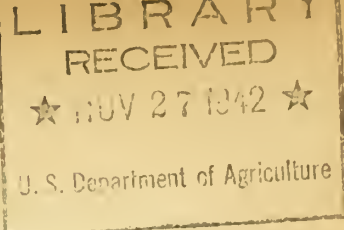


Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.



752Pa
serve



THE *Demand and Price* SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

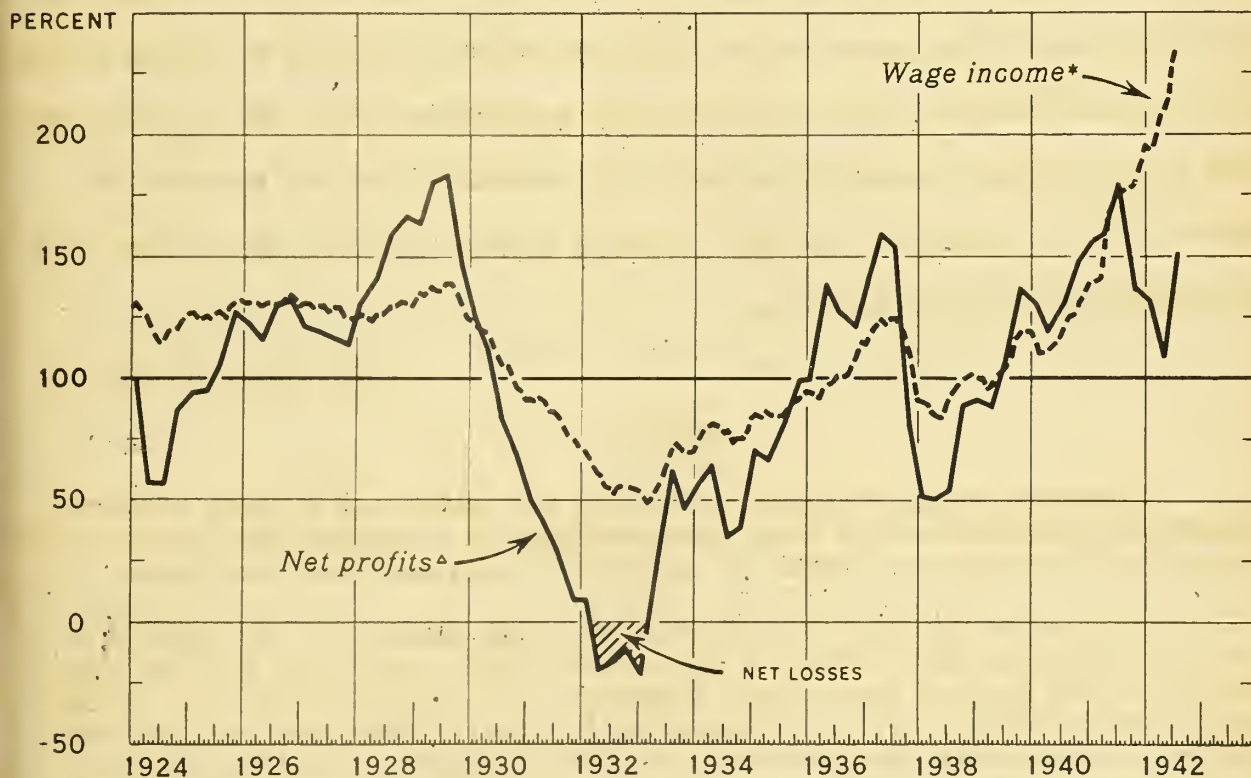
WASHINGTON, D. C.



NOVEMBER 1942

NET PROFITS OF INDUSTRIAL CORPORATIONS AND WAGE INCOME OF INDUSTRIAL WORKERS, UNITED STATES, 1924-42

INDEX NUMBERS (1935-39=100) ADJUSTED FOR SEASONAL VARIATION



* FACTORY, MINING AND RAILROAD WORKERS; BASED ON DATA FROM B. L. S. AND I. C. C.

^ BASED LARGELY ON F. R. B. DATA

U. S. DEPARTMENT OF AGRICULTURE

NEG. 42697 BUREAU OF AGRICULTURAL ECONOMICS

THE WAGE INCOME OF INDUSTRIAL WORKERS IS OF RECORD SIZE AND STILL INCREASING. IN CONTRAST, THE NET PROFITS OF LARGE INDUSTRIAL CORPORATIONS ARE NOT AS LARGE AS DURING THE LATE 1920'S, AND IN THE FIRST 9 MONTHS OF 1942 WERE ABOUT 20 PERCENT SMALLER THAN DURING THE CORRESPONDING PERIOD OF 1941. THE RECOVERY IN PROFITS DURING THE THIRD QUARTER OF 1942 WAS DUE IN LARGE MEASURE TO ADJUSTMENTS IN TAX RESERVES, WHICH DURING THE FIRST HALF HAD BEEN INCREASED MORE THAN WAS NECESSARY. PERSONAL INCOME TAXES ALSO ARE RISING BUT DO NOT YET BEAR HEAVILY ON THE AVERAGE INDUSTRIAL WORKER.

SUMMARY OF DEMAND AND SUPPLY CONDITIONS

Continued expansion in industrial activity and in consumer income during the next few months is expected to increase further domestic demand for farm products. Also, military and lend-lease needs are expected to increase. This rise in aggregate demand will continue to exert pressure on farm product prices all along the line -- at the farm and in wholesale, and retail markets. The effects of this upward pressure on the general price level will be offset, at least in part, by governmental controls over wholesale and retail prices. These controls now apply to around 90 percent of foods, nearly all processed nonfood commodities and many nonprofessional services. The fact that price ceilings generally do not apply directly to prices received by farmers for the products they sell results in more flexibility in farm, than in wholesale and retail markets.

-- November 16, 1942

DEMAND

Increased nonagricultural employment and income and a sharp rise in industrial production since June are resulting in a growing domestic consumer demand for farm products, which is expected to continue into next year.

The rise in industrial production from 176 percent of the 1935-39 average in June to 188 in October represents a much more rapid rate of gain than the total rise of four points during the preceding 5 months when total output was affected by reduced operations in plants being converted to production of war goods. Now, however, conversion of the automobile industry has been so nearly completed that employment has risen above peacetime levels and the industry's output of war goods is expanding rapidly. Many other durable goods plants also are largely converted and the rise in total industrial production has again become substantial.

Various indicators of consumer income have been rising steadily since last March, and, under the renewed expansion of industrial activity, will continue to advance into next year. Factory pay rolls, after adjustment for seasonal variation, rose 24 percent from March to September and wage income of industrial workers (factory, mining and railroad) rose 21 percent. The compensation of all nonagricultural employees was up 14 percent for the same period and the number of nonagricultural employees increased over 4 percent.

Although the effect on consumer buying of the general rise in wage payments and income probably is being modified by the earmarking of larger sums for personal income taxes next year, the increase has been much larger in consumer income than in taxes. It is expected that this will continue to be the case over the next few months. On the basis of consumer income and expenditure data which have just become available, it is estimated that in 1941 income exceeded expenditures for personal taxes, goods, services, and gifts by 13 billion dollars compared with 8 billion in 1940. Despite an expected increase of around 7 billion dollars in consumer expenditures and 3 billion in taxes in 1942 compared with 1941, the excess of income over expenditures will increase to around 25 billion dollars. In 1943 the rise in consumer income probably will exceed the increase in personal taxes by around 10 billion dollars, and in addition the amount of goods and services available for purchase will be reduced.

This year the production of goods available to individuals has been smaller than in 1941, but large inventories were on dealers' shelves so that consumers have been able to buy about as large a volume of goods and services as last year. However, dealers' inventories are now declining along with reduced output of consumer goods, and shortages of many durable and some non-durable products are appearing. In 1943 the volume of goods and services available to consumers will be smaller than that of 1942, and with price advances held down by governmental controls, total consumer expenditures may decline. However, the decline probably will be confined largely to non-agricultural products. Expenditures for agricultural products, particularly for foods, probably will increase. The volume of food available to consumers will be smaller than in 1942 but prices are expected to average 5 to 10 percent higher.

PRICES

Wholesale and retail price controls now extend to over 90 percent of food products, to nearly all industrial nonfood products, and to many non-professional services. Since price ceilings generally do not apply directly to prices of unprocessed farm products, prices of such commodities are relatively flexible.

Processors of agricultural products have continued to compete for agricultural raw materials at generally advancing prices. This situation perhaps is due in part to differences in efficiency between various processors and distributors, making it possible for the more efficient to handle a growing proportion of the total business at a declining per unit margin (but not necessarily at a declining total profit), and possibly to some short circuiting of the usual distributing channels. However, there are other factors in the complex situation, such as the effect of increasing corporate taxes on operating policies and the flexibility of "ceilinged" prices, which made dangerous any definite conclusion as to why wholesale and retail price controls have had little apparent effect on prices of unprocessed farm products. Businesses with different institutional characteristics, and operating under varying degrees of competition, are striving to adjust themselves to the rapid and drastic changes in the whole demand and supply situation.

Although prices received by farmers and wholesale prices of farm products generally have continued to rise, price controls have been quite effective during the past 9 months in retarding the rise in nonagricultural prices. Wholesale prices exclusive of farm and food products, as measured by the Bureau of Labor Statistics weekly index, are no higher now than they were 6 months ago and only 1 percent higher than in late January when the Emergency Price Control Act of 1942 was approved. Farm and food product prices at wholesale (with raw material prices for the most part not subject to ceilings) have continued to increase. Farm products are about 4 percent higher than they were 6 months ago and 8 percent higher than in late January and the rise in food price has been even larger. However, there has been no net rise in wholesale food prices since the widened controls of October 3.

During the next few months consumers will be willing to buy more of many foods at prevailing prices than will be available.

FARM AND INCOME PRICES

The index of prices received by farmers rose six points in October to 169 percent of the 1910-14 average. At this level farmers generally were selling their produce at the highest prices since October 1920 and 22 percent above a year earlier. Price changes in wholesale agricultural markets since mid-October suggest that the high level of prices reached at that time has since been maintained. Corn marketings from the new crop press downward on prices around this season of the year and increased marketings of spring pigs exert a similar pressure on hog prices, but in view of the strong consumer and military demand, the near term outlook is generally favorable to maintenance of a relatively high level of prices received by farmers. Feed-grain prices are expected to rise, at least by the usual seasonal amount, in the next few months.

Cash income from farm marketings rose slightly more than is usual in September, and probably increased at about the usual rate in October. The September rise was due to increased income from the record crops which are being marketed, although the movement to market was slower than usual. The relatively slow movement prior to October, together with the substantial October advance in price received by farmers probably has resulted in a further gain in cash income from crops of more than seasonal proportions. Marketings of cattle, calves, and sheep and lambs increased seasonally from September to October, but hog marketings were up much less than usual; so, despite some rise in prices, income from meat animals probably did not make the normal seasonal increase.

The effects on the purchasing power of farmers of rising farm prices and income are being offset in part by an increase in prices paid for commodities and services needed in production and for family living as well as by higher wages to hired farm workers. Prices paid for commodities, interest, and taxes moved up a point each in September and October to 154 percent of the 1910-14 average and in October were 9 percent higher than a year earlier. Farm wage rates reached 220 percent of the 1910-14 average in October -- a rise of 33 percent since October 1941.

COTTON

Cotton prices have shown some strength during the past month, advancing to 19.48 cents in the 10 markets on November 5, the highest since mid-July. On November 14 the 10-market average was 19.37 cents or about 1/2 cent higher than a month earlier. Trade demand for cotton has recently been heavy but reports indicate producers are holding considerable cotton. Through November seven loans on about 687,500 bales of 1942 crop cotton had been concluded by the Commodity Credit Corporation. Other holdings of new crop cotton include (1) cotton on which Government loans are not yet completed, (2) cotton being financed privately, and (3) cotton being held by farmers who have not yet decided whether to continue to hold or to sell.

The increase of \$5 per bale in the Government loan rate, as a result of the 90 percent of parity loan legislation, and the continued widening of premiums and discounts have increased the number of grade and staple combinations on which the loan value actually exceeds the market value.

The October farm price of 18.87 was 1/4 cent over September, 2-1/3 cents over October 1941 and was 99 percent of the October parity price of 19.10 cents.

Consumption totaled 972,490 bales during October or slightly more than the 966,149 bales consumed in September and the 955,657 bales in October 1941. Daily consumption was 44,712 bales during October, slightly lower than in September but above a year earlier. Included in the consumption for the month was 4,654 bales of American-Egyptian cotton. Consumption of American-Egyptian cotton during the 3 months, August-October, totaled 13,167 bales which is equivalent to an annual rate of about 53,000 bales.

WHEAT

Wheat prices on November 16 were about 2 cents above a month earlier. During the past month prices have fluctuated within a narrow range. This was the case both before and after the various announcements relative to flour ceilings, and little change is expected in wheat prices in the near future.

Flour delivery prices were frozen, effective October 5, at the highest levels of the 5 days, September 28 through October 2. On October 8 this original order was changed making the maximum price for flour the highest level at which each seller contracted to sell during the September 28-October 2 period rather than the top price at which flour deliveries actually were made in the same period. This ruling permitted an adjustment in flour ceiling prices to current levels. Prices on a contracted-to-sell basis in some instances had been arranged as much as 120 days previous to the September 28-October 2 period.

In order to make wheat available to flour millers at prices approximating the levels which prevailed in the 5-day base period, a program was announced on October 23 which provided for the release of loan wheat back to producers by Commodity Credit Corporation for sale in the market. The release price per bushel on such loan wheat will be less than the amount of the

loan per bushel plus accumulated carrying charges by a sufficient amount to enable producers to sell the wheat at prices in line with the ceiling prices on flour. The program (1) provides parity to wheat farmers cooperating with the farm programs through the loan offered by the Commodity Credit Corporation and the payments made by the Agricultural Adjustment Agency, and at the same time (2) prevents increases in the prices of bread and flour to the American consumer.

As a result of these rulings, little change is expected in wheat prices at least in the near future. The principal price-supporting factor in the market continues to be the loan program. Up to November 7 a total of 279 million bushels of 1942 wheat had been reported placed under loan, which compares with 303 million bushels for the same period a year earlier. Market prices on November 16 were below loan values as follows: Minneapolis 16 cents, Portland 8-1/2 cents, and Kansas City 8 cents. St. Louis was 5 cents above loan values. Compared with prices at the time flour ceilings were imposed, hard winter at Kansas City and hard spring at Minneapolis are about 5 cents below such levels.

FATS AND OILS

On the basis of November 1 crop indications, production of cottonseed and peanut oils in 1942-43 will be somewhat smaller than was anticipated in September and October. However, the soybean crush may be larger than seemed likely earlier. Increasing consumer demand for fluid milk and cream, together with military and lend-lease requirements for dairy products, may result in a reduced production of butter in 1943. Total production of fats and oils from domestic materials in 1943 will depend to a considerable extent on Government programs affecting production and consumption of dairy products, but will exceed substantially the probable 1942 production of about 10.5 billion pounds.

Strengthening of demand for food fats and oils became increasingly evident in October. Prices of most food fats and oils were pressing against the ceilings. The price of refined cottonseed oil rose throughout the month and early in November was at the ceiling level for the first time since May. Stocks of lard are abnormally low, and butter stocks have been declining more than seasonally. Prompt delivery of most vegetable oils apparently has become difficult to obtain. The unusually large inventories of food fats and oils in the hands of dealers and large consumers at the beginning of the summer presumably have been reduced to more nearly normal proportions.

Factory and warehouse stocks of all primary fats and oils declined more than 100 million pounds from August 31 to September 30, reaching 1,825 million pounds, the lowest level in several years. Stocks are expected to increase seasonally in the next few months, however, as crushing of the record 1942 crop of oilseeds gets under way. Manufacturers' consumption of fats and oils is restricted by a recent limitation order.

CORN AND OTHER FEED GRAINS

Cash prices of feed grains declined during October, as farmers started harvesting the record 1942 corn crop. In late October, No. 3 Yellow corn at

Chicago was selling for 75 cents per bushel, the lowest level reached so far this year and only slightly higher than a year earlier. Oats and barley prices also reached the lowest level of the year in October and were about the same as in October last year. At least the usual seasonal increase in feed-grain prices is in prospect during the first half of 1943, but large feed supplies, including wheat, will tend to check any marked increases in this period. Prices of wheat millfeeds and oil meal advanced during the past month, reflecting seasonal improvement in demand for these feeds. Prices of a number of the byproduct feeds have advanced to near the highest prices reached last March on which wholesale price ceilings are based.

The October 1 supply of four feed grains, as revised on the basis of November 1 crop indications, totaled 136 million tons, 12 percent larger than last year and the largest on record. The 1942 corn crop was indicated November 1 to be 3,185 million bushels, 513 million bushels larger than the 1941 crop. Including feed wheat, the supply of feed grains is a little larger per grain-consuming animal unit than in 1941-42. The 1942 production of four feed grains appears to be large enough to meet the greater requirements for 1942-43 without reducing carry-over. Present feeding ratios are generally favorable for livestock producers and there is an active demand for all kinds of feed. Oilseed crushers are finding a ready market for cake and meal, and are operating their mills at capacity. Much of the current soybean meal production is being purchased by feed mixers and manufacturers on a contract basis, leaving a relatively small amount available for the wholesale market.

HOGS

Slaughter supplies of hogs have increased somewhat less than usual since mid-August, but marketings have been smaller than have been expected on the basis of the 25 percent increase in the 1942 spring pig crop. Inspected slaughter in October totaled 4.2 million head, 10 percent more than in September but only 2 percent more than in October last year. The relationship between corn and hog prices has been exceptionally favorable this fall. For this reason farmers apparently are feeding hogs to heavier than usual weights, and this has resulted in delayed marketings.

Hog prices have declined from the peak market prices reached in mid-October, reflecting seasonally increased marketings and some bearish influence of the revised pork price ceiling upon the demand for live hogs. The revised order, which became effective November 2, provides for specific dollars and cents ceilings for practically all pork cuts in the base zone area, which includes all of Iowa, and parts of Minnesota, Missouri, Kansas, Nebraska, Wisconsin, Illinois, and South Dakota. Regional differentials from these specific prices, calculated chiefly from transportation costs, provide the basis for ceiling prices in other parts of the country. It is not possible to tell exactly how the new price ceilings compare with those previously in effect, but they may be slightly lower than the average level of wholesale pork prices which prevailed during October.

The average price of butcher hogs at Chicago for the week ended November 7 was \$14.50, 95 cents lower than a month earlier but \$4.00 higher than a year earlier. Prices for packing sows have been unusually high relative to butcher hogs in recent weeks. The hog-corn price ratio, based upon Chicago

average prices, in recent weeks has averaged above 19.0, compared with the long-time average of 11.6. This exceptionally favorable ratio during the fall breeding season should help achieve the 10 percent increase in the 1943 spring pig crop, recently requested by the Secretary of Agriculture.

CATTLE

Marketings of cattle have increased seasonally since early September, reflecting a large movement of cattle from the Range States. Some markets have reported the heaviest runs of grassy heifers and cows since 1934. Inspected slaughter of cattle during October totaled nearly 1.3 million head, 14 percent larger than a year earlier and the largest monthly total on record. Slaughter supplies of cattle will decrease seasonally during the next 2 or 3 months, but slaughter is expected to continue large throughout 1943. Inspected calf slaughter in October totaled 578,000 -- 10 percent above September but only slightly larger than a year earlier. Average weights of calves slaughtered have been unusually heavy this fall due in part to increased slaughter of calves other than dairy breeds.

Shipments of feeder cattle into the Corn Belt in recent months have been larger than in the corresponding period of 1941. Feeder and stocker cattle and calves sold at four markets during the period July-October totaled 22 percent larger than a year earlier. The relationships between feeder cattle feed, and fat cattle prices this fall have been favorable to cattle feeders and it appears that the number of cattle fed in the 1942-43 feeding season will again be large.

Prices of most grades of slaughter cattle have strengthened since early October. In early November prices of well-finished cattle reached the highest level since 1937, and other cattle were selling near or above previous high levels this year. The average price of Good grade beef steers at Chicago for the week ended November 7 was \$15.65 compared to \$11.10 a year earlier. Unusually strong demand for all kinds of slaughter cattle has more than offset the increase in supplies, and cattle prices have continued strong.

SHEEP AND LAMBS

Marketings of sheep and lambs for slaughter continued exceptionally large during October. Slaughter under Federal inspection during the month totaled a little over 2.3 million head, 39 percent more than a year earlier. The 1942 lamb crop was 2 percent smaller than last year's crop, but a shortage of skilled labor, particularly in the Western Sheep States, and current high prices for sheep and lambs have encouraged heavy marketings of mature breeding stock and of ewe lambs which normally would be held back for replacement purposes. Sheep numbers were at an all-time high at the beginning of this year, and it is not expected that the total sheep population will be greatly reduced by this liquidation. Purchases of lambs by Corn Belt feeders have been about as large this fall as last, but the number of lambs fed in the Western States during the 1942-43 season is expected to be smaller than a year earlier.

Lamb prices have fluctuated considerably, but have continued substantially higher than a year earlier during the past summer and fall. The average price of Good and Choice grade slaughter lambs at Chicago for the week ended November 7 was \$14.15. This was slightly higher than a month earlier but it was about \$3.00 higher than a year earlier. Prices for feeder lambs have declined moderately in recent weeks. The relationship between current prices for feeder lambs and prospective prices for fat lambs during coming months is favorable for lamb feeding.

WOOL

Domestic wool prices have been generally unchanged in the past month. Recent Government orders requiring the use of 100 percent domestic wool have given strong support to wool prices. Prices on most domestic wools are close to ceiling levels. Most of the 1942 clip has been sold and stocks still held in producing areas are reported to be small. The average price received by farmers for wool on October 15 was 39.7 cents a pound, unchanged from a month earlier, but 3.5 cents higher than a year earlier. Prices received by farmers for wool shorn this year are the highest since 1925.

Supplies of wool available in Argentina and Uruguay in the 1942-43 season which opened October 1 will be considerably larger than last year, due chiefly to the large carry-over of wool into the new season. The United States has been the principal buyer of South American wools for the past two seasons. The carry-over of wool in Australia and Union of South Africa also is believed to be quite large. As yet United States buyers have shown little interest in new clip foreign wools. Stocks of foreign wools held by manufacturers and dealers in this country are relatively large, and this together with recent Army orders requiring the use of 100 percent domestic wool has resulted in curtailed buying of wool for import. However, as no further supplies of domestic wool will be available before late spring, additional supplies of foreign wool will be needed if the current high rate of consumption is to be maintained through the first half of 1943. Mill consumption of apparel wool in 1942 has been at a record annual rate of about 1 billion pounds. This is more than twice the domestic production of wool.

DAIRY PRODUCTS

Total requirements for milk in 1943 on the basis of prospective consumer demand and on the basis of military and lend-lease needs will be materially larger than in 1942. Supplies of milk, on the other hand, probably will be smaller. Hence a considerable shortage of milk and dairy products is in prospect. Current estimates of production and stocks, in relation to a year earlier, indicate the extent to which this shortage is already becoming apparent.

Total milk production on November 1 was only 1 percent above a year earlier, compared with 3 percent during September. Weekly butter production in October ranged from 1 to 5 percent below a year earlier, and stocks on November 1 were 53 percent below 1935-39 average stocks for that date. Cheese production during the past 2 months has been declining more than seasonally, and during October has ranged from 4 to 12 percent below production in the corresponding weeks of 1941. Evaporated milk production in September, although

33

larger than in 1940, was 22 percent below that in September last year. Total stocks of evaporated milk, including Government holdings, are unusually large but manufacturers' stocks on October 1 were the third smallest for that date since 1922. Although supplies of milk for fluid use are apparently considerably larger than in 1941, shortages are reported in many areas. However, shifts in population may be an important factor in causing these shortages. With price ceilings on all dairy products, restrictions on consumption probably will need to be inaugurated in the near future to secure adequate supplies of dairy products for military and lend-lease purposes.

The recent War Manpower Commission directive on livestock farm labor should be of considerable value in maintaining milk cow numbers.

Effective November 3, manufacturers are required to set aside at least 90 percent of the spray-dried skim milk produced by them for delivery to the Agricultural Marketing Administration, our armed forces, and other designated governmental agencies. Spray-process dried skim milk is urgently needed for lend-lease and military use for reconstitution for drinking purposes.

POULTRY PRODUCTS

The temporary ceilings as announced on October 5 continue in effect on wholesale and retail prices of all eggs and on all classes of poultry except turkeys. Permanent ceilings for turkeys were announced on November 7 at about prevailing levels. Purchases of dried eggs by the United States Government through December 3 will be exempt from the temporary order.

Egg prices have been steady at ceiling levels since the temporary order was issued. Supplies of eggs in some eastern markets have been relatively short in recent weeks. Production on farms, however, is continuing much larger than a year earlier and will begin increasing seasonally in the near future. Receipts of eggs at both primary and terminal markets are running larger than a year ago.

Farm marketings of poultry in the Midwest are continuing much heavier than a year earlier and the into-storage movement of poultry is unusually large. Prices of most dressed chickens and fowl at New York are slightly below ceiling levels, but in general wholesale prices of chickens are higher than they were in mid-October. The average price received by farmers for chickens in mid-October was 19.5 cents per pound or 111 percent of parity.

The movement of turkeys for the holiday market is under way in volume. The ceiling prices announced for turkeys were at about existing market prices which were from 35 to 50 percent higher than a year earlier. The average price received by farmers for turkeys in mid-October was 23.9 cents per pound or 108 percent of parity.

FRUITS

Commercial apple production, as reported on November 1, is estimated at 127,538,000 bushels which is 4.5 percent larger than last year. The average price received by apple growers in October was \$1.14 per bushel, only

77 percent of the October parity price for apples but 31 percent above last October. This season the effects of increased demand for apples and apple products on apple prices will more than offset the effects of the slightly larger crop.

Peach and grape production for 1942 is expected to be smaller than the 1941 crop by 12 percent and 7 percent respectively, while pear production reported for this season is about 4 percent larger than last year. Indicated production of oranges and grapefruit in Florida and Texas is considerably above last season. However, grapefruit production in Arizona is estimated at 2.8 million boxes as compared with 3.4 million for last season. Although prices of certain fruits may average above parity during the 1942-43 marketing season, fruit prices in general will be at or below parity.

On October 5 the Office of Price Administration placed temporary ceilings on all citrus fruits at the highest prices charged by the seller during the period September 28 through October 2. These ceiling prices are to remain in effect for 2 months from October 5, or until a permanent order is issued.

TRUCK CROPS

Generally higher yields of truck crops have resulted in a commercial vegetable tonnage about 9 percent higher than last season. Total acreage indicated for 1942 is less than 1 percent higher than last year. Practically all of the 1942 vegetable crop has been harvested and some of the earliest new crops from the South have started to move to market. Fall crops of tomatoes and carrots are indicated to be slightly higher than last season. However, most fall crops are expected to be somewhat smaller than last year. Greatest decreases are expected in snap beans, cauliflower, celery, kale, lettuce, onions, green peppers, spinach and green peas.

Vegetable prices on the New York and Chicago wholesale markets were generally steady to somewhat lower during the last half of October and early November. Vegetable prices generally may be expected to rise because of the normal seasonal movement and because fall crops are expected to be somewhat smaller than last year while purchasing power continues to increase.

Although 1942 goals for canned peas and tomatoes were not reached, the canned pack of major processing vegetables was the largest on record -- exceeding last year by 13 to 15 percent.

POTATOES

Indicated production of late-crop potatoes on November 1 was 29¹/₄ million bushels as compared with a late crop of 280 million last year. This increase is not large in view of the greater demand for potatoes.

Potato prices continue above last year despite the larger crop. Wholesale prices of potatoes on the New York and Chicago markets declined during the first part of October then increased steadily up to the first week in November, regaining generally the decrease which occurred during October.

On October 5 the Office of Price Administration placed temporary ceiling prices on potatoes at the highest prices charged by sellers during the 5-day period September 28 through October 2. A permanent order on potatoes has been issued by the Office of Price Administration effective November 9, 1942. The permanent order fixed maximum prices at f.o.b. country shipping points for U. S. No. 1 grade white potatoes in bags. These ceilings vary in each area and are adjusted each month for the seasonal rise or decline in prices. Differentials were established for grades other than U. S. No. 1 and for certain types of shipment. This adjustment in the temporary price ceilings may stimulate trading in the potato markets.

ECONOMIC TRENDS AFFECTING AGRICULTURE

INDEX NUMBERS: INDICATED BASE PERIOD = 100

YEAR AND MONTH	INDUSTRIAL PRODUCTION ¹	FACTORY EMPLOYMENT ²	FACTORY PAY ROLLS ²	INCOME OF INDUSTRIAL WORKERS ³	WHOLESALE PRICES OF ALL COMMODITIES ⁴	RETAIL FOOD PRICES ⁵	COST OF LIVING URBAN ⁶	PRICES RECEIVED BY FARMERS ⁷	PRICES PAID BY FARMERS ⁸	PRICES PAID BY FARMERS, INTEREST AND TAXES ⁹	RATIO OF PRICES RECEIVED TO PRICES PAID INCL. INTEREST & TAXES	CASH INCOME FROM FARM MARKETING ¹⁰
Base period	1935-39	1935-39	1935-39	1935-39	1935-39	1935-39	1935-39	1910-14	1910-14	1910-14	1910-14	1910-14
1929	110	108	127	134	118	188	122	146	154	167	87	190
1930	91	94	103	110	107	126	119	126	146	160	79	152
1931	75	80	78	85	91	104	109	87	126	140	62	107
1932	58	68	54	59	80	86	98	65	108	122	53	80
1933	69	75	58	61	82	84	92	70	108	118	59	89
1934	75	88	74	77	98	94	96	90	122	128	70	107
1935	87	93	86	87	99	100	98	108	125	130	83	119
1936	108	101	99	100	100	101	99	114	124	128	89	141
1937	118	111	118	117	107	105	108	121	131	134	90	149
1938	89	93	91	91	98	98	101	95	123	127	75	129
1939	108	102	106	105	96	95	99	93	121	125	74	138
1940	128	110	122	119	98	97	100	98	122	126	78	141
1941	156	130	172	163	103	105	105	122	131	134	91	189
1941- Oct.	164	136	189	178	115	112	109	139	139	141	99	208
Nov.	166	137	192	180	115	118	110	135	141	148	94	205
Dec.	168	138	197	187	116	113	110	148	142	143	100	244
1942- Jan.	172	139	203	196	119	116	112	149	146	146	102	243
Feb.	172	138	205	194	120	117	113	145	147	147	99	236
Mar.	172	138	205	194	121	118	114	146	150	150	97	231
Apr.	173	139	213	203	122	120	115	150	151	151	99	248
May	175	140	220	209	123	122	116	152	152	152	100	237
June	176	143	228	216	122	123	116	151	152	152	99	238
July	180	147	244	229	122	125	117	154	152	152	101	239
Aug.	183	148	249	233	123	126	118	163	153	152	107	260
Sept. ¹⁰	185	148	254	236	124	127	118	163	154	153	107	265
Oct. ¹⁰	188	--	--	--	--	130	--	169	155	154	110	--

¹Federal Reserve Board, adjusted for seasonal variation. Revised September 1941.

²Bureau of Labor Statistics, adjusted for seasonal variation and converted from the 1923-25 base (employment adjusted by Federal Reserve and pay rolls by Bureau of Agricultural Economics).

³Adjusted for seasonal variation. Includes factory, railroad, and mining employees. Revised November 1941. To convert to 1924-29 base, multiply by 78.0744 percent.

⁴Bureau of Labor Statistics, 1926 = 100 converted to 1935-39 = 100 by multiplying by 124.069 percent.

⁵Bureau of Labor Statistics.

⁶Bureau of Labor Statistics. Index numbers of cost of goods purchased by wage earners and low-salaried workers in large cities.

⁷August 1909-July 1914 = 100.

⁸Revised July 1942. Annual figures are straight averages of 12 monthly indexes, 1923-41.

⁹Adjusted for seasonal variation, converted from 1924-29 = 100 to 1910-14 = 100.

¹⁰Preliminary.

Note: In comparing trends between industrial production and industrial workers' income, as indicated by the above index numbers, notice should be taken of the fact that income of railway workers, as well as incomes of mining and factory workers, is included in the index of industrial workers' income, whereas the industrial production index is based on mining and manufacturing only. Similar precautions are necessary in comparing trends between industrial production and factory employment and pay rolls. Another consideration of importance is that the production index is based on volume, whereas the income indexes are affected by changes in wage rates as well as by time worked. In comparing monthly indexes it is important to keep in mind the fact that there is usually a time lag between changes in volume of production and similar changes in employment and in workers' income.

After five days return to
UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
WASHINGTON, D. C.

Penalty for private use to
avoid payment of postage \$300

U S DEPT OF AGRICULTURE
LIBRARY
PSL-MESS WASHINGTON D C